

# Senate File 2030 - Introduced

SENATE FILE 2030

BY BOLKCOM, DEARDEN, SODDERS,  
and DVORSKY

## A BILL FOR

1 An Act relating to solar energy by providing for the  
2 establishment of solar interconnection agreements and  
3 alternative tariff rates.  
4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1     Section 1.   NEW SECTION.   **476.49   Solar interconnection**  
2 **agreements — alternative tariff rate.**

3     1.   An electric public utility may enter into  
4 interconnection agreements with customers operating distributed  
5 generation solar photovoltaic devices.   A utility entering  
6 into such an agreement may apply to the board for approval  
7 of an alternative tariff rate that compensates customers  
8 through a billing credit mechanism for the value to the  
9 utility, its customers, and society for operating such devices  
10 interconnected to the utility system and operated by customers  
11 primarily for meeting their own energy needs.   If approved,  
12 the alternative rate shall apply in lieu of the rate otherwise  
13 applicable to alternate energy production facilities pursuant  
14 to section 476.43.

15     2.   An application for an alternative tariff rate submitted  
16 by a utility pursuant to this section shall demonstrate that  
17 the proposed rate conforms with the following:

18     *a.*   Appropriately applies the methodology established by the  
19 board pursuant to subsection 3.

20     *b.*   Includes a mechanism to allow recovery of the cost to  
21 serve customers receiving the alternative tariff rate.

22     *c.*   Charges the customer for all electricity consumed by the  
23 customer at an applicable rate schedule for sales to that class  
24 of customer.

25     *d.*   Credits the customer for all electricity generated by the  
26 solar photovoltaic device.

27     *e.*   Applies charges and credits to a monthly billing that  
28 includes a provision so that the unused portion of the credit  
29 in any month or billing period shall be carried forward and  
30 credited against all charges.   In the event that the customer  
31 has a positive balance after the twelve-month cycle ending on  
32 the last day in February, that balance shall be eliminated and  
33 the credit cycle shall restart the following billing period  
34 beginning on March 1.

35     3.   The board shall establish a solar value methodology

1 for utilization by utilities in developing and applying for  
2 an alternative tariff rate pursuant to this section. The  
3 methodology shall, at a minimum, account for the value of  
4 energy and its delivery, generation capacity, transmission  
5 capacity, transmission and distribution line losses, and  
6 environmental value. The board may, based on known and  
7 measurable evidence of the cost or benefit of solar operation  
8 to the utility, incorporate other values into the methodology,  
9 including credits for locally manufactured or assembled  
10 energy systems, systems installed at high-value locations on  
11 the distribution grid, or other factors. In developing the  
12 methodology pursuant to this subsection, the board may consult  
13 stakeholders with experience and expertise in power systems,  
14 solar energy, and electric utility ratemaking regarding the  
15 proposed methodology, underlying assumptions, and preliminary  
16 data.

17 4. Applications shall be subject to the approval provisions  
18 of section 476.6. A utility shall recalculate the alternative  
19 tariff rate annually, and shall file the recalculated  
20 alternative rate with the board for approval. The board shall  
21 not authorize a utility to charge an alternative tariff rate  
22 that is lower than the utility's applicable retail rate until  
23 three years after the board originally approved the alternative  
24 tariff rate.

25 5. A utility shall enter into an interconnection agreement  
26 with an owner of a solar photovoltaic device receiving an  
27 alternative tariff rate as provided in this section for a term  
28 of at least twenty years, unless a shorter term is agreed to by  
29 the parties. The board shall develop standard interconnection  
30 agreement forms for utilization by the utility and the owner.  
31 An owner must be paid the same rate per kilowatt-hour generated  
32 each year for the duration of the interconnection agreement.

33 6. A utility must provide to the customer the meter and  
34 any other equipment needed to provide service pursuant to the  
35 interconnection agreement.

1 EXPLANATION

2 The inclusion of this explanation does not constitute agreement with  
3 the explanation's substance by the members of the general assembly.

4 This bill relates to solar interconnection agreements and  
5 alternative tariff rates applicable to such agreements. The  
6 bill provides that a public utility entering into a solar  
7 energy interconnection agreement may apply to the utilities  
8 board within the utilities division of the department of  
9 commerce for approval of an alternative tariff rate that  
10 compensates customers through a billing credit mechanism  
11 for the value to the utility, its customers, and society  
12 for operating such devices interconnected to the utility  
13 system and operated by customers primarily for meeting their  
14 own energy needs. The bill specifies criteria to which an  
15 alternative tariff rate is required to conform, and creates a  
16 solar value methodology for utilization by public utilities in  
17 developing and applying for the alternative tariff rate. The  
18 bill provides that applications for an alternative rate shall  
19 be subject to the rate approval provisions of Code section  
20 476.6, and that the utility shall enter into an interconnection  
21 agreement with an owner of a solar photovoltaic device  
22 receiving the alternative rate for a term of at least 20 years,  
23 unless a shorter term is agreed to by the parties. The board is  
24 directed to develop standard interconnection agreement forms  
25 for utilization by the utility and the owner. The bill further  
26 provides that the utility must provide the customer with  
27 the meter and any other equipment needed to provide service  
28 pursuant to the interconnection agreement.